

1                                   **REDISTRIBUTION OF TOBACCO FUND**

2                                   **AMENDMENTS**

3                                   2003 GENERAL SESSION

4                                   STATE OF UTAH

5                                   **Sponsor: Rosalind J. McGee**

6   **This act modifies State Affairs in General. The act modifies the distribution of tobacco**  
7   **settlement money received by the state for fiscal years 2003-04 and 2004-05 only. The act**  
8   **deposits 100% of the settlement money into the restricted account and distributes 60% of**  
9   **the amount to the Medicaid budget.**

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12           **63-97-201**, as last amended by Chapter 96, Laws of Utah 2002

13 *Be it enacted by the Legislature of the state of Utah:*

14           Section 1. Section **63-97-201** is amended to read:

15           **63-97-201. Creation of Tobacco Settlement Restricted Account.**

16           (1) There is created within the General Fund a restricted account known as the  
17 "Tobacco Settlement Restricted Account."

18           (2) The account shall earn interest.

19           (3) The account shall consist of:

20           (a) until July 1, 2003, 50% of all funds of every kind that are received by the state that  
21 are related to the settlement agreement that the state entered into with leading tobacco  
22 manufacturers on November 23, 1998;

23           (b) on and after July 1, 2003[~~40%~~] and until July 1, 2005, 100% of all funds of every  
24 kind that are received by the state that are related to the settlement agreement that the state  
25 entered into with leading tobacco manufacturers on November 23, 1998; [~~and~~]

26           (c) on and after July 1, 2005, 40% of all funds of every kind that are received by the  
27 state that are related to the settlement agreement that the state entered into with leading tobacco



manufacturers on November 23, 1998; and

~~[(c)]~~ (d) interest earned on the account.

(4) To the extent that funds will be available for appropriation in a given fiscal year, those funds shall be appropriated from the account in the following order:

(a) for fiscal years 2003-04 and 2004-05 only, 60% of the funds that are received by the state to the state Medicaid budget;

~~[(a)]~~ (b) \$5,500,000 to the Department of Health for the Children's Health Insurance Program created in Section 26-40-103;

~~[(b)]~~ (c) \$4,000,000 to the Department of Health for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television, and with a preference in funding given to tobacco-related programs;

~~[(c)]~~ (d) \$193,700 to the Administrative Office of the Courts and \$1,296,300 to the Department of Human Services for the statewide expansion of the drug court program;

~~[(d)]~~ (e) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and \$350,900 to the Department of Human Services for a drug board pilot program;

~~[(e)]~~ (f) \$4,000,000 to the State Board of Regents for the University of Utah Health Sciences Center to benefit the health and well-being of Utah citizens through in-state research, treatment, and educational activities; and

~~[(f)]~~ (g) any remaining funds as directed by the Legislature through appropriation.

(5) (a) If tobacco funds in dispute for ~~[attorneys]~~ attorneys' fees are received by the state, those funds shall be divided and deposited in accordance with Subsection (3) and Section 63-97-301.

(b) The amount appropriated from the Tobacco Settlement Restricted Account to the Department of Health for alcohol, tobacco, and other drug programs described in Subsection (4)~~[(b)]~~(c), including the funding preference for tobacco-related programs, shall be increased by up to \$2,000,000 in a given fiscal year to the extent that funds in dispute for ~~[attorneys]~~ attorneys' fees are available to the state for appropriation from the account.

(6) Each state agency identified in Subsection (4) shall provide an annual report on the program and activities funded under Subsection (4) to:

(a) the Health and Human Services Interim Committee no later than September 1; and

59 (b) the Health and Human Services Joint Appropriations Subcommittee.

---

---

**Legislative Review Note**

**as of 2-5-03 10:55 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**State Impact**

This bill calls for depositing 100% of the funds from the Master Settlement Agreement into the Tobacco Settlement Restricted Account, instead of 40% (FY 2004). This diversion will be in effect for FY 2004 and FY 2005. Beginning in FY 2006, the split goes to 40% to the Restricted Account and 60% to the Permanent Trust Fund. For the two fiscal years of the diversion, the funding difference goes to the Medicaid budget.

	<u><b>FY 04 Approp.</b></u>	<u><b>FY 05 Approp.</b></u>	<u><b>FY 04 Revenue</b></u>	<u><b>FY 05 Revenue</b></u>
Federal Funds	\$40,656,700	\$40,446,900	\$0	\$0
Restricted Funds	\$16,126,400	\$16,043,200	\$16,126,400	\$16,043,200
Trust Funds	\$0	\$0	(\$16,126,400)	(\$16,043,200)
<b>TOTAL</b>	<u><b>\$56,783,100</b></u>	<u><b>\$56,490,100</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

---

**Individual and Business Impact**

Individuals covered by Medicaid may experience easier access to Medical services and more covered services than is currently projected.

---

**Office of the Legislative Fiscal Analyst**